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# GAIN Report

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## Thailand

### Agricultural Situation

#### Cabinet Approves Government Rice Stock Release 2008

**Approved by:**

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**Report Highlights:**

The Thai Government approved the release of rice intervention stocks for domestic sales at prices 20 percent lower than market prices to ease pressure on domestic prices. The stock release is expected to ease domestic prices of white rice as millers have recently offered to sell rice at prices 1,400 baht/ton (\$48/MT) lower than previous weeks. Export prices are viewed to be leveling off as well.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Bangkok [TH1]  
[TH]

## Cabinet approves domestic stock release

Following Cabinet approval on April 29, rice intervention stocks of 2.1 million tons will be gradually released for domestic consumption in the coming weeks ([TH8053](#), TH8056). The first stock release will be 5% grade white rice, which accounts for 75-80 percent of total domestic consumption and nearly half of existing intervention stocks. The Government is expected to gradually release stocks through the Public Warehouse Organization (PWO) of the Ministry of Commerce as the production capacity is only around 10,000 tons/day. The PWO is currently producing only 5-kilogram-bags of fragrant rice for regular sales. In addition, the Government plans to buy paddy in the market to maintain stocks at 2.1 million tons at current farm-gate prices of 12,000 – 13,000 baht/ton (\$381 – 413/MT) for food security.

The initial stock release is for 1,500 tons. Most participants are expected to be millers who will pack the rice into 5-kilogram bags for the PWO. The PWO will be the distributor of this rice, unlike in the past tender when private participants (mostly millers) themselves sold the rice domestically. Distribution will occur at designated government outlets (Public Blue Flag program) throughout the country next week, beginning in targeted cities first. Prices will be 15-20 percent lower than market prices which are currently at around 200 baht/bag (\$6/bag). However, releases are expected to be less than 100,000 tons in order to avoid disrupting domestic rice prices.

## The impact to domestic and export prices

The stock release is expected to ease domestic prices of white rice as millers recently offered to sell rice at prices 1,400 baht/ton (\$48/MT) lower than previous weeks. Current farm-gate paddy prices have reportedly declined by 1,000 – 1,200 baht/ton (\$32 – 38/MT). Export prices are viewed to be leveling off at around \$1,000/MT, FOB, and domestic prices have likely peaked at 27,000 – 28,000 baht/MT (\$860-900/MT). In addition, bumper second crops (including the third crop) are expected this year as planted areas increased significantly to over 10 million rai (1.6 – 2.0 million hectares) with anticipated production of 5–6 million tons of rice. The Royal Irrigation Department reported a sharp increase in acreage expansion, particularly in the third crop cultivation from around 1.0 million rai (0.2 million hectares) to 1.6 million rai (0.3 million hectare). The acreage expansion, up more than double from last year, could increase rice production by 500,000 – 600,000 tons. However, a sharp reduction in domestic white rice prices is unlikely as there concerns over the quality of intervention stocks and the actual quantity of 5% white rice. Furthermore, foreign demand remains strong, particularly from the Philippines and the Middle East (Iran and Iraq).

End of report.